THE CITY OF SPRINGFIELD, MASSACHUSETTS

MAYOR DOMENIC J. SARNO

HOME OF THE NATIONAL BASKETBALL HALL OF FAME

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HEALTH CARE PROVIDER AND PAYER COSTS AND COST TRENDS

Question 1. After reviewing the preliminary reports please provide commentary on any data or finding that differs from your organization's experience and the potential reasons therefore.

The City of Springfield enrolled in the State of Massachusetts' Health Plan (GIC) in January of 2007. The ability to analyze the claim trends for the City of Springfield is difficult due to the lack of specific claim experience for our organization.

Based on data that we do have there have been some significant increases in the types of services that members are receiving i.e. knee and shoulder arthroscopy and sinus endoscopies have increased (knee arthroscopy – increase of 53%)

There has been a significant increase in large claims in the State Plan. In December there were 21 inpatient claims over $100,000. The State average has been 5 a month.

Question 2. What specific actions has your organization taken already to address these trends in the short and long term? What current factors limit the ability of your organization to execute these strategies effectively?

Because we belong to the State Plan we are limited to the plan provisions and the changes that the State implements. Currently, the Plan has tiered providers and some hospitals to attempt to steer consumers to providers with the highest quality and the higher efficiency scores as a method of controlling costs. A deductible has recently been added in addition to copays as another method of cost sharing and cost containment.

Question 3. What types of systemic changes would be most helpful in reducing cost trends without sacrificing quality and consumer access? What other systemic or policy changes do you think would encourage or help health care providers to operate more efficiently? Could enhanced competition or

government intervention or a combination of both mitigate the cost trends, and describe the nature of the changes that you would recommend.

A greater emphasis should be placed on the type of care needed and where that care is received. Do I need to see a specialist for ear aches or will my primary care physician be able to provide the services required at a more reasonable cost. A recommendation of the types of services that can and should be provided by a PCP vs. a Specialist, and a monetary incentive to seek those services from the PCP wouldn't sacrifice quality and would improve consumer access and lower costs. The waiting time for a specialist is normally substantially longer than for a Primary Care Physician. Treatment; if needed would begin sooner and would be at a lower cost.

Alternative places of treatment, for example – more clinics with Nurse Practioners for common aliments – sore throats, colds, etc that can be treated in a more cost effective manner.

Access to more in home providers vs. residential rehab facilities. Whenever possible, develop treatment plans that allow the patient to recover at home vs. stays in a rehab facility. A person who receives one hour of physical therapy a day should be released from the rehab facility as soon as medically possible with the services and any needed support received in the home rather than in a facility.

With Respect to future years' Cost Trends Reports

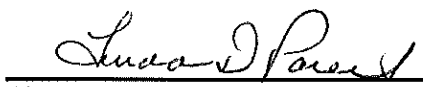
Question 4. Please identify any additional cost drivers that you believe should be examined in subsequent years and explain your reasoning.

The cost of medicines appears to be spiraling out of control. There needs to be a way to limit the growing costs of these drugs. Perhaps the time before a brand name drug can have a generic substitute can be shortened. Implementation of step therapy program could be implemented. This would prevent the new higher cost drugs from being the first prescription written.

Question 5. Please provide any additional comments or observations you believe will help to inform our hearing and final recommendations.

There should be a strong push for preventative treatment. While colonoscopies are expensive, the treatment for colon cancer is much more costly. Diagnostic screenings such as Mammograms, Pap Smears, PSA testing should be encouraged through limited out of pocket costs for the consumer. The cost of the screenings is far less than the treatment for a long tern undiagnosed disease.

I am legally authorized and empowered to represent the City of Springfield Massachusetts for the purpose of this testimony, and that the testimony is signed under the pains and penalties of perjury.



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